MESSAGEPHONE, INC.

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September 13, 1994

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

VIA FEDERAL EXPRESS

Dear Mr. Caton:

Enclosed for filing, please find an original and 10 copies of MessagePhone's Reply Comments on the Commission's Further Notice of Proposed Rulemaking in the Matter of Billed-Party Preference For "0+" InterLATA Calls. A copy for each Commissioner is included.

Please acknowledge receipt of this filing by date stamping the extra copy and returning it to MessagePhone in the self-addressed envelope provided.

Sincerely,

Douglas E. Neel
Regulatory Affairs

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	§	
	§	CC Docket No. 92-77
Billed-Party Preference	§	
for 0+ InterLATA Calls	§	

REPLY COMMENTS

MessagePhone, Inc.

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Dated: September 13, 1994

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In the Matter of

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TO: The Commission

REPLY COMMENTS

Pursuant to Section 1.415 of the Commission's Rules, 47 C.F.R. Section 1.415 (1991), MessagePhone, Inc. ("MessagePhone") hereby replies to comments submitted in response to the above-captioned Federal Communications Commission ("Commission") Further Notice of Proposed Rulemaking ("FNPRM"). The record established by these comments supports the Commission's intent to mandate billed party preference ("BPP").

The opponents of BPP continue to ignore reality. The Commission's current policy of premises owner presubscription is an interim measure at best because it does not provide a long term alternative to true equal access. While more consumers are using access codes and special telephone numbers to reach their preferred service providers, more telephones are blocking alternate access. Neither the Commission nor the state public utility commissions ("PUCs") have the enforcement capability or the necessary

funding to assure that all public telephone operators will keep their telephones unblocked and allow access to all operator service providers ("OSPs"). BPP supplies the only solution.

MessagePhone's architectures furnish a cost-effective technology for BPP and are available in the marketplace. Use of either architecture will substantially reduce the capital and non-recurring costs of implementing BPP. The local exchange carriers ("LECs") that utilize either of MessagePhone's architectures will be able to use the same technology to offer a host of additional revenue-generating applications. Use of both architectures provides LECs with functionality that enables a large number of new, revenue generating services. LECs can further reduce the allocated cost of BPP by implementing any of these additional services. Unfortunately, the cost estimates reported by the Commission and submitted both by supporters and opponents of BPP do not reflect the availability of MessagePhone's architectures.

It is time to implement BPP. LECs should be given the option to use MessagePhone's architectures to provide a quality, cost-effective BPP routing.

I. SUMMARY

Implementation of equal access finally will be completed when the Commission mandates BPP. Ironically, the opponents use the same arguments against BPP that were originally used against equal access. However, the record clearly demonstrates that consumers want equal access from public telephones. Consumers continue to file record numbers of complaints with the Commission and other regulatory agencies against unscrupulous operator services providers. Even though they increasingly use dial-around access codes and 800 numbers to access their service providers' networks, most consumers readily admit that dialing these codes is inconvenient and that that they would prefer to return to utilizing standard dialing patterns ("0+" and "0-").

Even when consumers use access codes, they increasingly are being thwarted by dial-around blocking. Pay telephone software and remote computers enable independent pay telephone providers ("IPPs") to selectively block access codes and 800 numbers. Consumers are left with no choice but to use the high priced operator services when the access to their preferred provider is blocked. The record illustrates that incidences of blocking are increasing dramatically, thus increasing the urgent need for BPP.

MessagePhone continues to demonstrate that cost effective alternatives for implementing BPP exist in the market place. As with its

line-side architecture, MessagePhone's trunk-side architecture is capable of offering the functionality for numerous new revenue producing services. A significant portion of the costs for BPP could be allocated to these other services when they were implemented. In this manner, BPP could cost considerably less than MessagePhone quoted in its previous comments.

Because of the low equipment and software costs, BPP should be implemented without consumer price increases for interexchange operator services. MessagePhone recommends that each function necessary to provide BPP should be unbundled and the LECs should be compensated for executing the unbundled functions. The LECs are provided a fair return on investment for the unbundled services they actually provide. There is no need for consumers or interexchange carriers ("IXCs") to provide BPP compensation to LECs for non-BPP calls.

In the past, MessagePhone's architectures have received discriminatory treatment because MessagePhone is a small company and its architectures utilize state-of-the-art, distributed open architectures. MessagePhone will counter the prejudice by offering its architectures in conjunction with a large, reputable corporation. The components of MessagePhone's architectures previously have been utilized within the public network and function admirably without threat to the integrity of public networks.

Despite abuses by some, most IPPs provide a valuable service. These service providers should be compensated for providing access to local and interexchange networks. However, these revenues will replenish only a fraction of the revenues they will lost if BPP is implemented. MessagePhone recommends that IPPs should be given the basic service elements necessary to offer numerous new, revenue-producing applications. With these elements, IPPs can provide valuable services to their customers, while generating new revenues.

Finally, MessagePhone responds to the allegation that BPP will create a new LEC bottleneck. In order to avoid this pitfall, the Commission must allow BPP to be offered from multiple locations from within the local public network, and from the networks of competitive access providers ("CAPs").

II. BPP COMPLETES THE PROCESS OF ESTABLISHING EQUAL ACCESS.

The lion-share of the complaints registered in this docket against BPP merely mirror the complaints assembled over a decade ago against implementing equal access:

- Consumers do not want equal access;
- There is no need for a policy change because of access codes and, in part, because the vast majority of consumers currently are using AT&T; and
- The enormous cost of equal access equipment will drive up the cost of all telephone service.

These convictions were wrong then and are wrong now. Consumers do want equal access from public telephones. They continue to alert the Commission and state PUCs, by filing record numbers of complaints, that the current system is not working. These consumers want the ease and reliability of equal access. Predictably, the opponents of BPP ignored consumer complaints. They also ignored data that demonstrate dramatic increases in incidences of dial-around blocking. In a growing number of instances, consumers are unable to use access codes to reach their preferred service providers because the telephones' software blocks dial-around capability. Finally, opponents ignored the existence of cost effective architectures, such as those designed by MessagePhone, that will allow LECs to transform BPP into a revenue-generating opportunity. The issue of cost will be addressed in Section III, infra.

A. Consumers Want Equal Access.

The opponents of BPP claim that consumers have adapted to the use of access codes and 800 numbers to access their preferred carriers, and conclude that the present system does not need to be altered.[1] These parties simply

[1] E.g., see Intellicall Companies ("Intellicall") at 13-16; Teleport Communications Group, Inc. ("Teleport") at i-iii, 2-7; Rochester Telephone Corporation ("RochesterTel") at 1-3; U.S. Long Distance ("USLD") at 15-17; NYNEX Telephone Companies ("NYNEX") at 4-5; American Public Communications Council ("APCC") at 1-29, Exhibit 1, Bell Atlantic Telephone Companies ("Bell Atlantic") at 15-16; Oncor Communications, Inc. ("ONCOR") at 13-23, and LDDS Communications Inc, ("LDDS") at 3-9.

have ignored the facts. State and federal regulatory agencies continue to receive myriad complaints regarding OSPs' rates and practices.[2] Even USLD, a provider of operator services, admits that it continues to receive numerous complaints from irate consumers.[3] Despite intense advertising campaigns by AT&T Corp. ("AT&T"), MCI Telecommunications Corporation ("MCI") and Sprint Corporation ("Sprint"), many consumers still are naive and do not know to dial around the presubscribed OSP. An even larger number of consumers find that the dial around methods and options are confusing and inconvenient.[4] All told, these consumers are not business travelers who make frequent calling card calls. They are casual users such as families on vacation. Because of their naiveté, they are most likely to be gouged by unscrupulous OSPs. It would be tragic if the Commission retained a policy that withheld the benefits of equal access from this class of public telephone consumers .

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2 See FNPRM at para. 16; National Association of State Utility Consumer Advocates ("NASUCA") at Attachment B; Ameritech at 4.

3 USLD at 8.

4 See also BellSouth Telecommunications, Inc. ("BellSouth") at Appendix C (Calling Card Perceptions Study). This study demonstrates that most consumers would prefer not to use access codes and other number streams (Appendix C at 12, 14, 15, 26-27), but that some of them would continue to do so in order to save money. Appendix C clearly illustrates that many consumers are very naive, do not know how or when to use access codes, and still are susceptible to OSPs that gouge callers (Appendix C at 3, 23, 25-27, 31-32). One of the study participants even admitted that he still believed Southern Bell and AT&T were the same company. (Appendix C at 3). Appendix C also demonstrates that virtually all consumers want their calling card numbers to be based on their home telephone number and would very strongly favor 14 digit screening (Appendix C at 29).

Consumers simply prefer methods that minimize the number of digits that are dialed. This fact is supported by studies conducted both by advocates and opponents of BPP.[5] Callers perceive that dialing additional numbers makes the process more complicated. Apparently, even seasoned calling card users hold this opinion.[6] However, it also true that at least some consumers would opt for the inconvenience of dialing extra digits in order to access discounts and save money. For example, in states with intraLATA competition, a small percentage of consumers choose to bypass the LEC by dialing additional digits in order to access their interexchange carrier ("IXC") for lower rates. Likewise, before divestiture, a very small percentage of consumers dialed approximately twenty extra digits in order to access IXCs, such as MCI and Sprint, that offered discounted rates. After divestiture, almost, if not all the customers of these IXCs stopped using access codes in favor of "1+" dialing. The Commission should not reverse its tentative position on BPP because a small minority of consumers will "shop" for discount rates. Likewise, the Commission should not block these consumers' ability to access discount services

For fifty years, consumers have been trained to dial as few numbers as possible. The fact that, despite massive advertising by AT&T and others, fifty percent of consumers still do not dial around the presubscribed carrier

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5 See Sprint at 10-11, Appendix 1; BellSouth at Appendix C, p. 12, 29; Southwestern Bell Telephone Company ("SWBT") at note 8., Ameritech at 7-8.

6 BellSouth at Appendix C, p. 12.

only illustrates that old consumer patterns are difficult to change. Clearly, most consumers will prefer the easier dialing patterns available when BPP and equal access are implemented on public telephones.

B. The Use of Blocking is Increasing.

Without exception, the parties opposing BPP ignore the fact that an unacceptably large percentage of public telephones continue to block dial-around access. Unfortunately, because the use of dial-around is growing, the temptation to block access is increasing. In November 1992, the Commission reported in the FNPRM that approximately ten percent of telephones failed to comply with TOCSIA consumer protection requirements.[7] Ten percent is unacceptably high. However, subsequent to the Commission's report, the record shows that, instead of decreasing, the use of blocking increased dramatically:

> [Call blocking] "is most commonly encountered at a convenience store, a gas station or somewhere the pay phone is placed outdoors," according to Jim Haynes, president of the Atlanta-based Commercial Travelers Association. "Unfortunately it's not going away," he said, despite a 1993 ruling by the Federal Communications Commission that made the practice illegal.... "We estimate that a full-time business traveler can spend up to six working hours a year trying to bypass illegal blocking," Haynes said. One reason the problem has not gone away is that enforcement of the FCC ruling is in the hands of state public

[7] FNPRM at note 5.

service commissions, which sometimes lack the resources to try to carry it out.[8]

Several recent studies document the growth of illegal blocking. During 1993, studies conducted by the Texas and Indiana PUCs demonstrate that blocking can be as high as thirty-nine to eighty-nine percent.[9] In addition, blocking is becoming easier with the use of computerized dial-up access to the "smart" telephones' software. Pay telephone operators can use remote computers to call and alter the telephone software to block specific access codes and 800 numbers. The remote computers either can alter selected telephones or all the telephones owned and operated by the service provider.

III. IMPLEMENTING EQUAL ACCESS FROM PUBLIC TELEPHONES SHOULD NOT BE THWARTED BECAUSE OF COST

In the past, MessagePhone has demonstrated the cost-effectiveness of its architectures.[10] Unfortunately, only one LEC contacted MessagePhone requesting updated prices information before comments in response to the FNPRM were due. That party chose not to present revised cost data in its comments. As a result, none of the parties submitting comments responded positively or negatively to MessagePhone's line-side or trunk-side

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8 Reuter Press, "Phone Blocking Illegal But Still Rampant," Rocky Mountain News, July 12, 1994. See NASUCA at Attachment B for a complete copy of the article.

9 See MessagePhone at 5-6, Exhibit A; NASUCA at 4, Attachments B and C.

10 MessagePhone at 19-24; 1992 Comments at 23-28; 1992 Reply Comments at 18-26; MessagePhone ex parte letter from Douglas E. Neel to Donna Searcy, June 10, 1993 ("MessagePhone Ex Parte I").

architectures. Within the last week, however, two RBOCs have contacted MessagePhone. MessagePhone is planning to meet with one of the parties within several weeks to discuss the technical viability and the costs associated with its solutions. If warranted, MessagePhone will send an ex parte report to the Commission with the results of that meeting.[11]

A. Implementation Of The Additional Services Available With MessagePhone's Architecture Will Decrease The Cost Of BPP.

As with its line-side architecture, MessagePhone's trunk-side architecture can perform a full range of operator service functions. The system can record and rate call detail records in various billing formats, or can release the call detail data to the OSP. The functionality of the trunk-side architecture includes:

- Station-to-station Call Handling
- Person-to-person Call Handling
- Sent Paid Billing
- Non-Sent Paid Billing
- Calling Card Validation (LEC and OSP)
- Commercial Credit Card Validation
- Third Number and Collect Call Validation and Processing
- Conference Calls
- Time and Charge Rate Quotation
- Inward Assistance
- Credit Adjustments For Service Difficulties
- Connection to IXC Official Services (Business Office, Repair)
- Emergency Call Handling

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11 Unfortunately, the other RBOC was confused and recommended that MessagePhone contact its procurement division regarding business products and applications. Needless to say, that RBOC did not request updated cost information.

- General Operator Assistance
- International Calling and Multilingual Operator Services
- Protocol and Switch Language Conversion

After one or more of these functions is executed, the call and call data are translated to the appropriate format and transmitted to the OSP. Because of the expanded capability, the trunk-side architecture is able to provide numerous revenue producing services and applications. The technology's location in the network dictates that most of these services are designed to be offered for resale by the LECs to the OSPs and IXCs. Several of the services, such as least cost routing, also may be used by the LECs for their own customers. The following are examples of features and services available with the trunk-side architecture:

- Automatic Message Delivery[12]
- Automatic Call Back
- Information Services
- Voice Mail
- Personalized Greetings
- Text to Speech
- Fax Retrieval
- Customized Call Accounting Records
- Paging
- Call Strings

These services will generate substantial new revenues or cost savings for the LECs -- and for the IXCs and OSPs. In addition, a major portion of

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12 AT&T is the only IXC that is offering *automatic* message delivery services (AT&T True Messages℠); i.e., the service is offered automatically every time a caller encounters a busy or unanswered telephone call. Currently, none of the other IXCs have the technical capability to offer similar services. LECs utilizing MessagePhone's architecture could offer the technical capability to smaller IXCs and OSPs, thus enabling these carriers to compete with AT&T.

the non-recurring and recurring costs, including equipment and software, maintenance, and overhead costs, can be allocated to these services if they are implemented. Accordingly, the costs for BPP would be reduced dramatically. Because the trunk-side system consists of an open architecture, IXCs and OSPs will have the capability of using the functionality of the system to design and customize unique service offerings.

B. LECs Should Be Compensated For The Unbundled Services They Execute.

Ameritech Operating Companies ("Ameritech") correctly stated in its Comments that BPP can be structured so that consumer prices will not increase.[13] In fact, with BPP, the prices for interexchange operator services likely will decrease. Consumer prices will remain stable if the LECs are compensated for the BPP functions they actually execute. In its reply comments filed in this docket on August 27, 1992, MessagePhone recommended that the LECs should be compensated by the OSPs for the unbundled functions they performed:

> Assuming an IXC charges an $.88 surcharge for an automated 0+ call, the LEC providing BPP would divide the surcharge revenue between the IXC and itself as follows:

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[13] Ameritech at 2-3.

LEC:	
Play Bong Tone and Capture Billing information	$.20[14]
Determine PIC and validate calling card Via LIDB Query	.18
Transport Call and Billing information to the IXC/OSP	.06
TOTAL	$.44
IXC	
Rate Call	$.03
Maintain rate table	.01
Record Call Duration	.02
Prepare Tape of CDRs	.02
Sort Tape of CDRs for billing	.02
Billing and Profit	.34[15]
TOTAL	$.44

On an interstate call, the LEC would receive $.44 and the IXC/OSP would receive $.10 plus the additional profit of $.34 of the $.88 operator services surcharge. Note that both the LEC and the IXC/OSP receive adequate compensation WITHOUT RAISING THE $.88 FLAT SURCHARGE RATE FOR THE OPERATOR PORTION OF THE CALL. (FOOTNOTE: Under BPP, the IXC will continue to generate healthy profits. For example, revenue from an average eight (8) minute interexchange transaction, estimated at generating $2.88, is broken down as follows:

$.84 for processing
.96 for transport
1.08 profit

The LEC will receive $.44 of the processing revenues. Concomitantly, the IXC will reduce costs, because it no longer needs to perform certain processing functions, and keep its profits. With BPP, both the LEC and the IXC are able to generate new revenues and profits and the consumer receives better and more reliable service.)[16]

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14 Fifty percent of this amount and the amount for the LIBD query is allocated to the LEC for recovering the cost for processing incomplete calls, busy calls and calls that lack the necessary billing information for completion.

15 The profit can be divided among various entities, e.g., the OSP, IPP, premises owner, etc.

16 MessagePhone 1992 Reply Comments at 19-20, note 27.

By unbundling and pricing the individual elements of BPP transactions, both the LECs and the OSPs will receive fair compensation for the services they are providing. Likewise, the consumers will not have to pay higher fees and will be more likely to utilize BPP instead of dialing-around their pre-selected service provider. Obviously, there is no need for consumers or operator services providers to pay BPP compensation to the LECs for non-BPP operator transactions.[17]

IV. PREJUDICE AGAINST MESSAGEPHONE BECAUSE OF ITS SIZE AND INNOVATIVE SOLUTIONS IS UNWARRANTED.

MessagePhone's architectures likely will be criticized in this proceeding because MessagePhone is a *small* research and development company and not a large multi-billion dollar manufacturer. In addition, MessagePhone's architectures may be criticized because they utilize distributed intelligence and open-architecture switches instead of upgrades to ten-year-old, closed architecture technology. These discriminatory attitudes would be harmful. Telecommunications networks and consumers

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[17] MessagePhone admits that it views the LECs' cost recovery concerns from the point of view of a "competitive environment." Once local exchange competition is present, the LECs will be compensated for actually providing unbundled services. For this section, MessagePhone simply unbundled the functions necessary for BPP and priced them according to current industry standards. The new revenues represent the revenues LECs would generate in a competitive marketplace. Likewise, in a competitive environment, new platforms and software, such as that needed to provide BPP, would be viewed as "profit centers." Technology would be implemented because of its ability to provide new functionality, upgrade the network, and generate new revenues. Obviously, LECs do not currently operate in a "competitive environment."

both will be the big losers if MessagePhone's solutions are summarily dismissed.

A. MessagePhone's Small Size Is An Advantage And Should Not Provoke Discrimination.

In the past, MessagePhone has received criticism and has lost business opportunities with LECs because it is a *small* company. This treatment is unwarranted. An attitude of prejudice toward small companies is a lamentable reality in the telecommunications industry. For too long, the industry has been dominated by mammoth mega-carriers supplied by one of only several large corporate manufacturers. The unfortunate by-product of this trend is technical stagnation and a deficit of innovative new services. It is a demonstratable fact, in other industries, that most innovative ideas and products are birthed by small companies. Instead of nurturing small, entrepreneurial companies and reaping the benefits of innovation, the telecommunications industry as a whole continues to treat small companies with blatant discrimination.[18]

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[18] In one instance, a LEC middle manager actually told MessagePhone that his corporation did not purchase from small companies because, "it did not want to create another Microsoft." In another instance, an engineer for a large LEC confessed that, on a scale of one to five, his company was currently using technology, "that was a "one." They had intended to upgrade to a three and MessagePhone was attempting to provide them with a solution that was a *six*." Ironically, MessagePhone was told that it lost the bid because it provided a superior solution.

Because of this industry-wide prejudice, MessagePhone purposefully aligns itself with large, reputable manufacturers. For example, if the Commission mandates BPP, a division of Hewlett Packard has stated its willingness to function as the systems integrator and, if desired by the LECs, as prime contractor for MessagePhone's architecture. MessagePhone continues to pursue other switch and computer manufacturers that will be willing to make the same commitment and would fulfill the LECs' requirements to have large corporations function as prime contractors. If BPP is mandated, MessagePhone is willing to assure that it will provide a prime contractor for its architecture with whom the RBOCs and other large LECs will feel comfortable.

B. MessagePhone's Architectural Designs Entail Modern Characteristics and Should Not Face Discrimination

MessagePhone's architectures will likely face prejudicial treatment because of their open architecture, multi-application characteristics. Many of the employees of these large carriers actually have attitudes that discourage innovation. MessagePhone admits that it is natural for LEC employees, who have worked with the same systems for one to two decades, to resist change. MessagePhone personally has encountered numerous network engineers and others who discourage the use of distributed switching and intelligence and

prefer to utilize older, single application platforms instead of modern, revenue-producing, multiple application platforms.

Also, in most states, the regulatory environment actually represses innovation. Because of the continued use of the rate-of-return regulatory structure and the absence of significant local exchange competition, LECs are discourage from implementing new revenue-producing services. Often, LECs will purchase single application, closed architecture technology instead of open architecture, multiple application platforms because the excess profits from the new services would have to be returned to the rate-base. On more than one instance, MessagePhone has seen projects placed "on ice" for years by LECs until they were able to change the price structure in order to prevent "pay backs" to the rate base.

As mentioned supra, despite its ex parte letter and comments, dated June 10, 1993, announcing the trunk-side architecture, and its attempts to present the architecture to several LECs, MessagePhone was contacted for updated pricing and technical information by only two RBOCs and by none of the independent LECs.[19] It is telling that the LECs, party to this proceeding, apparently have resigned themselves to implementing BPP by upgrading the software of decade-old, closed architecture switches instead of implementing state-of-the-art, open architecture, multi-application platforms. Ironically, both the LECs that are opposed to and in favor of BPP appear willing to

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19 See MessagePhone Ex Parte I at 5-9.

invest $1.1 billion for technology that can execute only one new service, instead of pursuing solutions that cost less, offer competitive applications, and would become future revenue centers.

C. MessagePhone's BPP Solutions Should Not Be Denigrated Because They Have Not Previously Been Utilized To Offer BPP.

Some parties to this proceeding may claim that MessagePhone's technical solutions are untested. This is true; MessagePhone's architectures have not been utilized to offer BPP -- just as it is true that no architecture or technology in existence has been used to provide BPP. However, all the recommended elements of the architectures are being utilized quite successfully from within the public switched network. These elements continually receive high grades for reliability. Either of MessagePhone's architectures can be implemented without any threat to the integrity of the public network or fear of an inferior service.

V. MESSAGEPHONE'S ARCHITECTURES CAN BE USED TO PROVIDE IPPS WITH FUNCTIONALITY NECESSARY FOR ADDITIONAL REVENUE.

A number of parties to this proceeding have expressed legitimate concern for the future of independent providers of pay telephone services ("IPPs").[20] The Commission and other parties have recommended that IPPs receive compensation for lost revenue.[21] The compensation would be computed and administered in a manner similar to "dial-around" compensation. MessagePhone agrees that IPPs should receive compensation when their telephones are utilized to provide access to local or interexchange networks. However, these access fees would only replenish a fraction of the revenues they will lose if BPP is implemented. For this reason, MessagePhone recommends a strategy that would properly focus pay telephone competition by providing new services for consumers while giving IPPs access to additional revenue opportunities.

MessagePhone's strategy is simple -- IPPs should be allowed to make use of a wide variety of network basic service elements that they currently cannot access. Acquisition of these services should be allowed through the Commission's Open Network Architecture ("ONA") regime. For example, MessagePhone's line-side technology is capable of executing approximately two dozen applications and basic service elements to IPPs and their

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20 E.g., see the comments of APCC, Teleport, Intellicall.

21 FNPRM at para. 33, note 53; Bell Atlantic at 16-17.

customers. Other manufacturers also may be able to offer other basic services with their equipment. With these basic elements and applications, IPPs can create and customize even more services.[22] The revenues from these services would more than replace the revenues lost because of BPP.

Access to these services also would reduce substantially the IPPs' costs. IPPs would have the option of using older style "dumb" pay telephones which still are more cost effective that "smart" telephones and provide competitive advantages because the maintenance costs are significantly lower than smart pay telephones. Likewise, MessagePhone's platforms are capable of executing additional maintenance services from the central office. These services reduce "down time" with timely diagnosis of problems. In addition, instead of purchasing expensive smart telephones, IPPs can purchase inexpensive dumb telephones and utilize applications and intelligence provide from a remote location (i.e., the LEC's central office or a "virtual" central office).

Unfortunately, despite its availability, the LECs have chosen not to implement the technology and not to offer the services for the IPP telephones and their own telephones. This decision by the LECs is especially surprising

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22 See Exhibit A, attached hereto, for a list and description of the services. It should be of particular interest to the Commission that one of the applications available with MessagePhone's line-side technology is *per-call dial around accounting*. MessagePhone announced the availability of this service to the RBOCs in 1992. The Commission's goal of per call compensation for dial around calls could have been achieved years ago with the implementation of MessagePhone's line-side technology.

considering the substantial return on investment that is available.[23] Likewise, most IPPs do not know that the technology or the services even exist. If they did, many IPPs would have requested the basic services through ONA.

MessagePhone strongly recommends that IPPs should be given access to these basic service elements. The LECs can use MessagePhone's technology or, if available, some other technology to make these service elements available to the IPPs.

VI. BPP DOES NOT HAVE TO CREATE NEW LEC BOTTLENECKS.

BPP appropriately redirects the focus of operator services competition so that OSPs are competing for business by offering lower prices and specialty services to consumers. Likewise, with access to the functionality described in Section V, supra, the pay telephone market will become more competitive. However, there is considerable debate as to whether BPP would promote or destroy local access competition.[24] If the Commission requires that all interexchange operator traffic must be routed to the OSS for BPP

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23 See Exhibit B. MessagePhone can only speculate why its line-side technology has been held off the market ... are the RBOCS purposefully withholding services that they would have to offer to their competitors through ONA?

24 E.g., see MFS Communications Company, Inc. ("MFS") at 2-8; Ameritech at 10-11; Oncor at 30-31; MessagePhone at 25; SWBT at 13-14; Sprint at 35-36; Teleport at 8-10.